

**TESTIMONY OF A. R. WATTS****FOR****THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA****DOCKET NO. 1999-001-E****IN RE: CAROLINA POWER & LIGHT COMPANY**

**Q. WOULD YOU PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION?**

**A.** A. R. Watts, 101 Executive Center Drive, Columbia, South Carolina. I am employed by the Public Service Commission of South Carolina, Utilities Department, as an Associate Engineer.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I received a Bachelor of Science Degree in Electrical Engineering from the University of South Carolina in Columbia in 1976. I was employed at that time by this Commission as a Utilities Engineer in the Electric Department and was promoted to Chief of the Electric Department in August 1981. I have been in my current position since July 1995. I have attended professional seminars relating to Electric Utility Rate Design, and have testified before this Commission in conjunction with numerous fuel clause and general rate proceedings.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

**A.** The purpose of my testimony is to summarize Staff's findings and recommendations as set forth in the Utilities Department's portion of the Staff Report.

1   **Q.   MR. WATTS, WHAT SPECIFIC AREAS WERE ENCOMPASSED BY**  
2       **STAFF'S EXAMINATION?**

3   **A.**   The Utilities Department's examination of the Company's fuel operations  
4       consisted of a review of the Company's monthly operating reports, review of the  
5       currently approved adjustment for fuel costs Rider, and review of the Company's  
6       short-term projections of kilowatt-hour sales and fuel requirements.

7   **Q.   DID STAFF EXAMINE THE COMPANY'S PLANT OPERATIONS FOR**  
8       **THE PERIOD?**

9   **A.**   Yes, we reviewed the Company's operation of its generating facilities, including  
10      special attention to the nuclear plant operations, to determine if the Company made  
11      every reasonable effort to minimize fuel costs.

12   **Q.   HAVE YOU DETERMINED THAT ANY SITUATIONS WARRANT**  
13       **DETERMINATION THAT THE COMPANY HAS ACTED**  
14       **UNREASONABLY IN OPERATING ITS FACILITIES AND THEREBY**  
15       **CAUSING ITS CUSTOMERS TO BE SUBJECT TO PAYING HIGHER**  
16       **FUEL COSTS?**

17   **A.**   No, the Company's generating facilities, particularly the four nuclear units,  
18      operated very well during the period under review. These nuclear units averaged  
19      91.9% actual capacity factor for the period. This was achieved even though the  
20      system experienced refueling outages at three of the four nuclear units during this  
21      review period. The major fossil units averaged over 95% availability for the majority  
22      of the period under review as indicated on Utilities Department Exhibit No. 1.

23   **Q.   WOULD YOU BRIEFLY EXPLAIN THE REMAINING UTILITIES**  
24       **DEPARTMENT'S EXHIBITS?**

25   **A.**   Exhibit No. 2 shows the Company's Unit Outages for the months of January 1998  
26      through December 1998, listing the plants by unit, duration of the outage, reason for  
27      the outage, and corrective action taken. Exhibit No.3 lists the Company's  
28      percentage Generation Mix by fossil, nuclear, and hydro for the period January 1998  
29      through December 1998. Exhibit No. 4 reflects the Company's major plants by  
30      name, type of fuel used, average fuel cost in cents per KWH to operate, and total

1 megawatt-hours generated for the twelve months ending December 1998. Exhibit  
2 No. 5 shows a comparison of the Company's original retail megawatt-hour estimated  
3 sales to the actual sales for the period under review. Exhibit No. 6 is a comparison of  
4 the original fuel factor projections to the factors actually experienced for the twelve  
5 months ending December 1998. Exhibit No. 7 is a graphical representation of the  
6 data in Exhibit No. 6. Exhibit No. 8 is the Company's currently approved Retail  
7 Adjustment for Fuel Costs tariff. Exhibit No. 9 is a history of the cumulative  
8 recovery account. Exhibit No. 10 is a table of estimates for the cumulative recovery  
9 account balance for various base levels of fuel factors for the period ending March  
10 2000.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes, it does.